# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:779
ANSWERED ON:17.08.2007
DIFFICULTY UNDER SGSY
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**Will the Minister of FINANCE be pleased to state:**

(a) the guidelines issued to banks regarding Swanjayanti Gram Swarozgar Yojana (SGSY);

(b) whether the Union Government is aware that State Governments are facing difficulty in implementation of the scheme for non-cooperation by the banks; and

(c) if so, the steps taken/being taken by the Government in this regard?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) : As per the extant guidelines of Government, financial assistance to Swarozgaris under Swanjayanti Gram Swarozgar Yojana (SGSY) comprises two components viz. loan and subsidy. While the loan is disbursed by banks, subsidy is provided by District Rural Development Agency (DRDA). The size of loan depends on the nature of the project. It is a composite loan comprising both fixed and working capital. Banks disburse the full project cost including subsidy to the Swarozgaris as loan. Subsidy is back ended and would be adjusted towards the last few instalments of the loan.

The scheme provides for reservation for the Weaker Sections to the extent of 50% for Scheduled Caste/Scheduled Tribe, 40 % for women and 3% for handicapped. Besides this, 50% of SHGs formed in each block should be exclusively for women. Further, the scheme provides for repayment within a period ranging from 5 to 9 years depending on the activity undertaken by the beneficiary.

(b) & (c) : The Central Level Coordination Committee (CLCC) constituted by the Government of India in their ninth Meeting had discussed the issue of pendency and rejection of loan applications under SGSY with banks. In compliance with the discussions in the ninth CLCC Meeting, instructions have been issued to the Commercial Banks, Regional Rural Banks and Co-operative Banks to evolve a mechanism for early disposal of loan applications and State Government will ensure timely sponsoring of loan applications through DRDA.